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South Africa, Republic of

Oilseeds and Products

Peanuts

2003

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Report Highlights:

Peanuts are a small and volatile crop in South Africa with both the area planted and production varying between seasons. The emphasis is on the production of high quality edible peanuts for export although there is a strong domestic market for edible peanuts and peanuts for processing.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Pretoria [SF1]
[SF]

General Summary

In the recent past the South African area planted to peanuts varied between 165,000 hectares in 2000 to 50,000 hectares in 2002. The main reason for the variation is economical, and especially the corn/peanut producer price ratio. Input costs and the length of the growing season also play a role. Shelled production varied between 220,000 tons in 2000 to 60,000 tons in 2002. The prospects for the current, 2003 crop, now being planted, are not favorable. The intention was to plant about 88,000 hectares but rainfall to date has been poor and late and it is unlikely that this goal will be reached. A recent high of about 50,000 tons of edible peanuts were exported in CY 2002.

PS&D Shelled peanuts

Market Year Begin	03/2002		03/2003		03/2004	
Area Planted	96	94	96	50	96	88
Area Harvested	94	94	50	50	65	88
Beginning Stocks	60	87	30	40	15	20
Production	120	120	66	60	100	100
MY Imports	7	1	15	15	15	15
My Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	187	208	111	115	130	135
MY Exports	42	49	20	25	25	35
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	35	15	16	5	20	10
Food Use Dom. Consumption	55	63	55	45	55	55
Feed,Seed,Waste Dm.Cr	25	41	5	20	10	15
TOTAL Dom. Consumption	115	119	76	70	85	80
Ending Stocks	30	40	15	20	20	20
TOTAL DISTRIBUTION	187	208	111	115	130	135
Calendar Year Imports	0	3	0	15	0	15
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	51	0	25	0	35
Calndr Yr Exp. to U.S.	0	1	0	0	0	0

Production

Peanuts are a small factor in South Africa's agronomic sector taking up only 1.2% of the area planted to summer crops in 2002. The area planted to peanuts also shows big seasonal variations, hitting recent highs of 245,000 ha. in 1991 and 165,000 ha. in 2000. It dropped to 94,000 ha. in 2001 and 50,000 ha. in 2002 while the current, 2003 season's plantings, are expected to reach 88,000 ha. Various factors lead to the instability in the industry. Peanut prices relative to corn prices play a major role in production decisions. In 2001 and the beginning of 2002, corn prices were very high in relation to peanut prices leading to the decline in peanut production. As peanuts are a long season crop, a late start to the rainfall season may also curtail the area planted. The relatively high cost of production and high labor requirements also play a role. Currency instability also affects profitability. The 2002 crop was planted at an exchange rate of R10.50 to the dollar, which made imported inputs expensive. If the crop was to be exported now, the Rand returns at today's R6.20 to the dollar would be severely curtailed. The very strong Rand is a serious concern to an industry in which profitability depends on the sale of edible peanuts on the export market.

As the export of hand selected edible peanuts is the main aim, the quality of the crop is also very important. Basically the choice grade is selected for edible export, the sundry grade is used for some domestic edible sales and manufacturing of mainly peanut butter, and the crushing grade is used for oil expressing. The farm retentions, that is the part of the crop not delivered to the silos, is used for seed and the informal edible market. The following table highlights production and grading details on a shelled basis:

	PY 2001/02	MY 2002/03	PY 2002/03	Est. MY 2003/04	PY 2003/04	Forecast MY04/05
	Area	Production	Area	Production	Area	Production
Shelled	Hectare	Metric ton	Hectare	Metric ton	Hectare	Metric ton
Peanuts	94,160	120,185	49,850	60,000	88,000	112,500
Deliveries	By grade					
Choice		51,300		28,700		45,000
Sundry		24,300		12,700		20,000
Crush		20,000		10,200		15,000
Total		95,600		51,600		80,000
Farm retentions		24,585		8,400		20,000

Depending on the size of the crop and growing conditions 50 to 55% of the crop will reach the top grade, 'choice', 25% will grade 'sundry', and 20% will be suitable for crushing. Production practices and technology applied in the predominantly commercial production sector are of the highest order. Quality is very high with most of the major problems such as aflatoxin well under control. Expansion depends on market conditions but there is sufficient land available as grain farmers are cutting back corn production. Foreign investment is minimal while there are no government policies significantly impacting on the industry at this stage.

The Government's land redistribution policy could become a factor in future peanut production. The policy includes the transfer of 35% of the land currently owned by white commercial farmers to black farmers over the next few years. Sufficient attention will have to be given to empowering the new farmers to produce high technology crops such as peanuts.

Recent indicator prices on a shelled basis are:

Choice (BK67): R5,800 to R6,500/mt. or \$935 to \$1050 @ \$1= R6.20 (12/04/03)
 Sundry grade: R3,000 to R3,500/mt. or \$485 to \$565
 Crushing grade: R2,000 to R2,500/mt. or \$322.50 to \$405/mt.

Source: www.agrimark.co.za, or email minda@amtrends.co.za

There are more than a hundred 'collaborators' registered with the South African Grain Information Service (SAGIS), implying that there are many players in the handling, storage, marketing and processing of the relatively small crop. Detailed statistics are available from: www.sagis.org.za or email info@sagis.org.za

Processing

The processing sector is modern and concentrated in the hands of a few major processors. Although there are many small processors the quantity handled is small. At this stage there seems to be excess capacity and current facilities can handle a much bigger crop. Only two mills produce oil, again due to the limited amount of crushing peanuts available.

Trade

Export Trade Matrix

Country South Africa, Republic of

Commodity Oilseed, Peanut

Time Period	CY	Units:	Metric ton
Exports for:	2001		2002
U.S.	1955	U.S.	792
Others		Others	
Netherlands	16836	Netherlands	17887
Japan	9337	Japan	8384
United Kingdom	4184	United Kingdom	7323
Germany	3224	Germany	3382
Indonesia	360	Indonesia	3035
Mozambique	452	Mozambique	2129
Angola	37	Angola	1451
Malaysia	72	Malaysia	1260
Total for Others	34502		44851
Others not Listed	4569		4946
Grand Total	41026		50589

As the table indicates South African peanut exports are mainly sold to the EU (55%) and Japan (20%) with only 792 tons going to the US in 2002 and 1,955 tons in 2001.

Import Trade Matrix

Country South Africa, Republic of

Commodity Oilseed, Peanut

Time Period	Jan-Dec	Units:	Metric ton
Imports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
China	1596	China	1736
Malawi	1428	Malawi	588
India	251	India	0
Gambia	2954	Gambia	0
Total for Others	6229		2324
Others not Listed	6305		365
Grand Total	12534		2689

Imports are also small.

The main problem facing exporters is to comply with the myriad EU and other food safety and health requirements. The Perishable Products Export Control Board (PPECB) is South Africa's official certification agency. This enables the PPECB to accredit local firms' certificates for Hazard Analysis Critical Point (HACCP), Good Manufacturing Practices (GMP), Good Hygiene Practices (GHP), and Good Agricultural Practices (GAP), specifically for compliance to EUROGAP requirements. This follows a growing concern for food handling and consumption safety by both importing and exporting countries. Certificates serve as written guarantee to importers, wholesalers and retailers of safe handling throughout the production, processing, and distribution chain.

South African food exporters are expected to comply with the new minimum European Union export standards for food safety and hygiene as also applied on EU-produced foodstuffs from January 2004. Affected are producers for all fresh fruit and vegetables, all canned fruit and vegetables, all frozen fruit and vegetables, dried fruit, groundnuts and grain. For more information, visit the South Africa Department of Agriculture's Web site at www.nda.agric.za/docs/plantquality/default.htm